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ASX Announcement

30 September 2020

Trading Update to 31 December 2020

National Tyre & Wheel Limited ("NTD" and the "Group") (ASX: NTD) provides the following update on trading results and forecasts for the 6 months ending 31 December 2020 (H1 FY21).

On 3 August 2020, NTD acquired the business assets and liabilities of Tyres4U in Australia and New Zealand. Tyres4U's financial performance in FY20 was affected by the acquisition of Tyre & Tube Australia in October 2019, the capture of synergies from that acquisition in FY20, lower demand for some products as a result of bushfires in the summer of 2019-20 and the Covid-19 pandemic.

Coupled with prevailing uncertainty arising from the continuing pandemic and an ongoing strategic review of the Tyres4U business, these circumstances made it difficult to provide guidance in relation to earnings for H1 FY21 at the time of acquisition of Tyres4U.

Trading since the Tyres4U acquisition has been generally consistent with expectations, generating confidence that Tyres4U can maintain its recent run rate of profitability and that the Group remains resilient in response to the economic conditions arising from the pandemic. Some of the cost savings made in Q4 of FY20 will prove to be permanent structural reductions in the Group's cost base.

NTD now expects H1 FY21 operating EBITDA to be between $8.0m and $8.5m, noting that Tyres4U was acquired in August and that adjustments for AASB16 *Leases*, which will increase reported EBITDA, have not been made in this guidance. NTD's H1 FY21 forecast does not include any material contribution to earnings from synergies arising from the acquisition of Tyres4U. The Group's Balance Sheet remains strong, with cash on hand at 31 August 2020 of $23.5m (net debt at that date of $22.9m).

Having regard to continuing uncertainty about economic conditions arising from the pandemic and the recent reduction in the level of financial assistance from the Australian government, NTD is unable to maintain any guidance beyond H1 FY21.

NTD used surplus cash to partly fund the purchase of Tyres4U and no final dividend was declared for FY20. NTD expects to preserve cash and/or pay down debt to mitigate risks arising from economic conditions and is not expecting to declare an interim dividend for H1 FY21.

This announcement was approved, and authorised for release, by NTD's Board of Directors.

For further information, please contact:

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